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SECURITIES AND EXCHANGE COMMISSION  
[Release No. 34-72711; File No. SR-CHX-2014-10]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Concerning the Use of Market Data Feeds by the Exchange

July 29, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on July 16, 2014, the Chicago Stock Exchange, Inc. (“CHX” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

CHX proposes to adopt Article 1, Rule 4, to provide that the consolidated market data feed disseminated by the securities information processors shall be the only market data feed utilized by the Exchange for all operational and regulatory compliance purposes. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.<sup>3</sup>

The text of this proposed rule change is available on the Exchange’s website at ([www.chx.com](http://www.chx.com)) and in the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the CHX included statements concerning the purpose of and basis for the proposed rule changes and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The CHX has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to adopt Article 1, Rule 4 to provide that the consolidated market data disseminated by the securities information processors (“SIPs”)<sup>4</sup> (“SIP data feeds”) shall be the only market data feed utilized by the Exchange for all operational and regulatory compliance purposes. The SIP data feeds are the only data feeds the Exchange currently utilizes for all operational and regulatory compliance purposes. Thus, the Exchange does not utilize any direct proprietary market data feeds from any external market for such purposes.<sup>5</sup>

For example, the Exchange only utilizes the SIP data feeds to calculate the National Best Bid and Offer (“NBBO”) for the purposes of compliance with Regulation NMS and Regulation SHO. The Exchange does not ignore or modify SIP quote data for the purposes of establishing the NBBO under any circumstances where the SIP data feed shows an uncrossed market.<sup>6</sup>

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<sup>4</sup> See 15 U.S.C. 78c(a)(22)(A).

<sup>5</sup> In addition to the SIP data feeds, the Exchange utilizes its own internal data regarding its own market for operational and regulatory compliance purposes.

<sup>6</sup> Pursuant to Paragraph .01(d) of CHX Article 20, Rule 5, the Exchange’s NBBO calculation protocol will ignore crossing quotes and shall execute orders up to the first uncrossed NBBO. In doing so, the Exchange will only utilize the SIP data feeds to establish the first uncrossed NBBO.

Similarly, the Exchange utilizes the SIP data feeds in its surveillance of order and trade activity on the Exchange, when applicable.

The Exchange notes that it does not currently offer outbound order routing from the Exchange. If the Exchange implements outbound routing in the future, the Exchange intends for its routing facilities to only utilize the SIP data feeds.<sup>7</sup> The Exchange also notes that it does not currently offer pegged orders, which are orders that have a limit price that tracks the NBBO, such as the midpoint of the NBBO.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>8</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act,<sup>9</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system. Specifically, the Exchange believes that the proposed rule concerning the Exchange's use of the SIP market data feeds will enhance transparency concerning the operation of the Exchange. This will, in turn, promote the public confidence and strengthen the national market system.

### B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change implicates any competitive issues. To the contrary, the Exchange anticipates that other national securities exchanges will

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<sup>7</sup> Adoption of an outbound order routing functionality is subject to Commission approval pursuant to Rule 19b-4 under the Act.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

also adopt similar rules outlining their respective use of data feeds and this proposed rule will ensure consistent treatment of this subject matter in the respective rulebooks.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>10</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>11</sup> Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6). In addition, as required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CHX-2014-10 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CHX-2014-10. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the

Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CHX-2014-10 and should be submitted on or before [INSERT DATE 21 DAYS FROM PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

Kevin M. O'Neill,  
Deputy Secretary.

[FR Doc. 2014-18385 Filed 08/04/2014 at 8:45 am; Publication Date: 08/05/2014]

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<sup>14</sup> 17 CFR 200.30-3(a)(12).